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H. J. HEINZ COMPANY

MAKERS AND MARKETERS OF THE 57 VARIETIES

ANNUAL REPORT FOR YEAR ENDED APRIL 29, 1959

ANNUAL REPORT OF

H. J. HEINZ COMPANY

FOR THE YEAR ENDED APRIL 29, 1959



H. J. HEINZ COMPANY

P. O. BOX 57

PITTSBURGH 30

PENNSYLVANIA

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TRANSFER AGENTS

First National City Trust Company, New York, N.Y.
Mellon National Bank and Trust Company, Pittsburgh, Pa.

REGISTRARS

Morgan Guaranty Trust Company of New York, N.Y.
Fidelity Trust Company, Pittsburgh, Pa.

DIVIDEND DISBURSING AGENT

Mellon National Bank and Trust Company, Pittsburgh, Pa.

ANNUAL MEETING

Second Friday of September, 2 p.m.
at Company Offices, 1062 Progress Street, Pittsburgh, Pa.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF

CONSOLIDATED FINANCIAL RESULTS

	FISCAL YEAR ENDED		
	April 29, 1959	April 30, 1958	May 1, 1957
	52 Weeks	52 Weeks	52 Weeks
Net Sales	$316,856,669	$293,811,817	$278,852,384
Net Income for the Year	$ 11,095,742	$ 9,336,913	$ 10,626,252
Net Income as a Percentage of Net Sales	3.5%	3.2%	3.8%
Net Income per Share of Common Stock	$ 6.41	$ 5.36	$ 6.12
Dividends Paid on Preferred Stock	$ 274,338	$ 282,413	$ 293,417
Dividends Paid on Common Stock	$ 3,715,573	$ 3,715,573	$ 3,377,794
Dividends Paid per Share of Common Stock	$ 2.20	$ 2.20	$ 2.00
Net Income Retained in Business	$ 7,105,831	$ 5,338,927	$ 6,955,041
Net Income Retained per Share of Common Stock	$ 4.21	$ 3.16	$ 4.12
Total Taxes Charged to Income	$ 14,008,063	$ 11,476,528	$ 14,195,804
Total Taxes per Share of Common Stock	$ 8.29	$ 6.80	$ 8.41
New Capital Obtained	$ 16,534,648	$ —	$ 1,927,000

CHAIRMAN'S REPORT TO STOCKHOLDERS

Our ninetieth year was a good one in every respect. We feel proud not only of our achievements during the year itself but also of the potentials we have developed for the future.

During the year we had the largest sales in our history: the consolidated net total for the fiscal period ended April 29 was $316,856,669, or $23,044,852—8 per cent—more than the $293,811,817 of last year.

Our income, too, was the largest in our history. The consolidated net after taxes was $11,095,742, which was 19 per cent greater than the preceding year and 4 per cent greater than our previous largest year, 1957.

This income, after allowing for dividends on the preferred stock, is equal to $6.41 a share of common stock, an increase of $1.05 over the $5.36 of last year.

For the forty-eighth year in succession, dividends were paid on the common stock. The rate of $2.20 for the year was unchanged from the previous year. On the preferred shares, dividends continued to be paid regularly at the annual rate of $3.65 a share.

Each of our companies showed an increase in sales over last year, and each company showed an improvement in its contribution to our consolidated income.

Progress in Marketing

During the year, each of the Heinz companies around the world improved its market position. Yet each continued to develop its marketing techniques to suit the stage of development of marketing in its area.

The substantial gains in the market position of our major product lines in the United States and Canada are especially gratifying, because self-service supermarkets offer at fingertip thousands of items competing for the consumer's favor.

Self-service stores are becoming more numerous in the other countries in which we operate, but it will be some years before they achieve the relative importance they now have in America. In the meantime, our British and Australian companies continue to increase their share of the market through their existing outlets.

Progress in Physical Facilities

The opening of the Heinz Research Center in Pittsburgh last October was a landmark in the Company's history. During two weeks of dedication activities, photographs and stories about the Center appeared in a large number of publications across the country. These refreshed in the minds of the general public—our consumer customers—the image that has long been associated with "Heinz" and "The 57 Varieties."

Also on this occasion, more than 4,000 of our dealer and distributor customers and their wives were our guests at 29 simultaneous dinners across the country, participating by means of closed-circuit television in a tour of the Research Center. The response we received evidenced a new rapport between ourselves and these important customers.

Since the close of the fiscal year, H. J. Heinz Co. Ltd. formally dedicated a major semi-automated factory at Kitt Green, in Lancashire, England. It had been under construction for four years, and is the largest food-processing factory in the British Commonwealth. The Right Honorable Viscount Kilmuir, G.C.V.O., Lord High Chancellor of Great Britain, opened the factory. Officers and directors of the Heinz companies throughout the world were present. In June, Queen Elizabeth, the Queen Mother, honored us by paying a visit to the factory, with your Chairman as her host.

In the Netherlands, the management of Taminiau's Conservenfabrieken N.V. was well on its way to converting the factory to Heinz international standards. The name of the company was changed to H. J. Heinz Company (Holland) N.V. Work has proceeded to the point where our Sandwich Spread, bearing the "Heinz 57" label, is already being manufactured and successfully marketed in Holland, Belgium and Luxembourg. Production and marketing of other Heinz varieties will follow. These, added to the Taminiau products that are being continued, will prepare the House of Heinz for the opportunities within the European Common Market. Among these opportunities is the expected growth of the supermarket.

Progress in Finance

Early in April we arranged to borrow $20,000,000, for a term of 25 years, through the issue of 4⅞ per cent notes to a limited number of pension trusts and similar investment groups, managed by five banks. Half of the

total, or $10,000,000, was received in April and is shown in the current financial statement. The remaining $10,000,000, will be taken down by us in October. These funds will improve our working capital position.

Progress in Management

During the year the Board of Directors made a series of important changes in the top management of our Company.

At their January meeting the directors of the Company elected me Chairman of the Board, a newly created office in which I continue as the chief executive officer of the Company.

The directors elected Frank Armour Jr. President and chief operating officer. He has been with our Company for 32 years and was Executive Vice President for the last two years.

The Board took two other actions in January: B. Dent Graham was elected Executive Vice President —United States, and was made a member of the Executive Committee. He directs the operations of our domestic business. Similarly, Junius F. Allen was elected Executive Vice President—International. He directs our operations outside the United States.

In February the directors created the United States Management Board, headed by Mr. Graham, to be responsible for conducting our business in the United States. The other members are: Carl A. Brinkman, Treasurer; Norman E. Daniels, Vice President—Purchases; R. Burt Gookin, Comptroller; Charles Heinz, Vice President—Personnel; Ross E. Jones, Vice President—Distribution; C. Lee Rumberger, Vice President —Research and Quality Control; John D. Scott, Vice President—Sales; P. Kenneth Shoemaker, Vice President—Manufacturing; and Robert P. Taylor, General Manager—Marketing.

In March, the Board of Directors of our Company elected two members: Frederick G. Crabb and John A. Mayer. Mr. Crabb is Managing Director of H. J. Heinz Company Ltd. (Great Britain), and has served the British organization since 1927, becoming Managing Director in 1956. Mr. Mayer is President of the Mellon National Bank and Trust Company.

These changes were made after long and careful evaluation of the problems and ambitions of the Company. They are a result of our policy of constantly studying ways to improve and upgrade management, just as we constantly study ways to improve our products and our sales.

Changes made by the boards of our affiliated companies included these:

Frank T. Sherk, Executive Vice President of H. J. Heinz Company of Canada Ltd., was elected President of the Canadian Company.

Joseph E. Hutchinson, in charge of Research, Development and Quality Control for H. J. Heinz Company Ltd. (Great Britain), and Arthur A. Morgan, in charge of Sales, were promoted to be Assistant Managing Directors of the British Company.

Jan Taminiau and P. P. Landsman were elected Co-Managing Directors of H. J. Heinz Company (Holland) N.V.

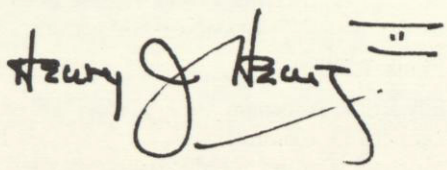
Near the end of the fiscal year, Arthur L. Schiel retired from the Board of Directors, completing a distinguished career that had started with the Company in 1914. Mr. Schiel was Executive Vice President from 1941 until he retired from daily operations in 1949. The Board of Directors, of which he had been a member since 1941, adopted a resolution of appreciation stating, in part: "His astute judgment, applied with gentle tact, was a source of strength for all who had contact with him."

Progress and the Future

In summary and in survey: our United States operations have registered a significant improvement over those of the previous year, and they give promise of further gains as a result of management actions taken over the last several years and now planned for the future.

Our operations abroad continue to grow and are expected to maintain their contribution to our consolidated accomplishments.

Today, as never before, we feel we have the people, the knowledge, the public acceptance and the facilities to continue our growth and progress.



Chairman of the Board

H. J. HEINZ COMPANY

PITTSBURGH, PENNSYLVANIA

BOARD OF DIRECTORS

Henry J. Heinz II, *Chairman**

Junius F. Allen*	Frederick G. Crabb	John A. Mayer
Frank Armour Jr.*	B. Dent Graham*	Herbert N. Riley
Frank B. Cliffe*	Lewis A. Lapham	Frank T. Sherk*

*Members of the Executive Committee

OFFICERS

Henry J. Heinz II ..... *Chairman of the Board*
Frank Armour Jr. ..... *President*
Frank B. Cliffe† ..... *Vice President and Secretary*
B. Dent Graham ..... *Executive Vice President—United States*
Junius F. Allen ..... *Executive Vice President—International*
Carl A. Brinkman† ..... *Treasurer*
R. Burt Gookin† ..... *Comptroller*

†Members of the Finance Committee

MANAGEMENT BOARDS

UNITED STATES

H. J. Heinz Company, Pittsburgh, Pennsylvania

B. Dent Graham ..... *Executive Vice President*

Carl A. Brinkman ..... *Treasurer*
Norman E. Daniels ..... *Vice President—Purchases*
R. Burt Gookin ..... *Comptroller*
Charles Heinz ..... *Vice President—Personnel*
Ross E. Jones ..... *Vice President—Distribution*
C. Lee Rumberger ..... *Vice President—Research and Quality Control*
John D. Scott ..... *Vice President—Sales*
P. Kenneth Shoemaker ..... *Vice President—Manufacturing*
Robert P. Taylor ..... *General Manager—Marketing*

AUSTRALIA

H. J. Heinz Company, Pty. Ltd.
Dandenong, Victoria

John A. W. Ross ..... *Managing Director*

Leonard S. Crowe ..... *Manufacturing*
Henry G. Dennett ..... *Finance*
W. Norman Owen ..... *Sales and Advertising*
W. Wentworth Watt ..... *Comptroller*

CANADA

H. J. Heinz Company of Canada, Ltd.
Leamington, Ontario

Frank T. Sherk ..... *President*

Edward V. Anderson ..... *Vice President—Marketing*
Leonard D. Crimp ..... *Vice President—Sales*
Morris S. Dixon ..... *Vice President—Manufacturing*
John M. Page ..... *Comptroller and Secretary*

GREAT BRITAIN

H. J. Heinz Company, Ltd.
London, England

Frederick G. Crabb ..... *Managing Director*

Joseph E. Hutchinson ..... *Assistant Managing Director*
Arthur A. Morgan ..... *Assistant Managing Director*
Anthony Beresford ..... *Manufacturing*
William B. Cormack ..... *Director*
John Eccles ..... *Purchasing*
A. Gordon Esslemont ..... *Secretary*
Bert A. Harris ..... *Engineering and Construction*

HOLLAND

H. J. Heinz Company (Holland) N.V.
Elst, Holland

Jan Taminiau ..... *Co-Managing Director*
P. P. Landsman ..... *Co-Managing Director*

OPERATIONS, COMPANY BY COMPANY

United States

Sales of the Company in the United States for fiscal year 1959 set an all-time record. We made substantial gains in Ketchup, Soup, Baby Food, Pickles and Vinegar, in spite of aggressive competition.

Even though we were confronted in our United States operations with increased costs for salaries and wages, freight, warehousing and trucking, we were able, by exercising close expense-control, to reduce our over-all sales expense in relation to each dollar of sales. The continuation of our program of technological improvement similarly reduced our manufacturing expenses in relation to each dollar of sales.

In our sales organization in the field, we have carried forward our program of greater specialization. Thus, during the last year, nearly all our Baby Food sales have been separated from the sales of our other varieties. At the same time our hotel, restaurant and institutional business has been made almost completely separate from our grocery trade. This trend toward specialization as a means to more effective selling will be extended as promptly and as much as is necessary to meet the ever increasing demands of retail and institutional customers for specialized services.

Our conversion to a system of distributing our products through distributors and chain warehouses, begun several years ago, has been 96 per cent completed.

BABY FOODS

We increased our share of the market of Baby Food sales again in fiscal year 1959.

Heinz pioneered in the development and marketing of the complete-dinner type of Baby Food—combinations of vegetables and meats. The acceptance by the public of these recipe Baby Foods is indicated by the fact that their sales volume is second only to that of the fruits. At the time these complete dinners were introduced, Heinz also set the pace for the Baby Food industry by introducing a complete-breakfast type of Baby Food—cereal, egg yokes and bacon.

Our research has resulted in the manufacturing and marketing exclusively by us of fifteen varieties of Strained Foods and ten varieties of Junior Foods.

Following six years of research, we became a year ago the first major producer to give the public Baby Food in jars with screw caps. The immediate and overwhelming acceptance of the national test distribution of a few varieties led us to adopt this type of convenient and trouble-free closure as rapidly as possible. We will soon be packing our entire line of both Strained and Junior Foods with screw type caps.

Our many developments in the Baby Food varieties and improvements in packaging are producing continually greater acceptance of our line by wholesalers, retail operators and mothers.

KETCHUP

Sales of Heinz Ketchup reached an all-time high during the year.

Rapidly increasing acceptance of the family-size bottle of Heinz regular Ketchup, together with a favorable reception for our new product, Heinz Hot Ketchup, contributed to our larger sales, and enabled us to strengthen our leadership of the Ketchup market.

Following its national introduction and its quick consumer acceptance, Heinz Hot Ketchup appeared on the shelves of more stores in a shorter period of time than any new product we had ever introduced.

BUILDING PROGRAM

After six years of planning and execution, the program to provide 300,000 square feet of manufacturing and warehousing buildings at Holland, Michigan, was completed and the facilities were put into use. The facilities include new Quality Control laboratories, a new cafeteria, locker and shower rooms, and an employees' hospital.

In Pittsburgh the final phase of modernizing and enlarging the factory power plant was finished. The plant now has a sufficient capacity to supply heat and electricity for the residential needs of a community of 90,000 persons.

QUALITY

A number of our products are now being produced by means of a continuous process of cooking and sterilizing that reduces considerably the exposure of the foods to the atmosphere, and also reduces time and temperature requirements. The process not only yields superior products but also results in a smoother operation, and hence increases over-all efficiency. This continuous process is being extended to other products.

AGRICULTURE

In fiscal year 1959 we had bumper crops of tomatoes, cucumbers, peas and carrots, as well as several miscellaneous items. Yields of tomatoes and peas per acre were the highest in the history of the Company. The cucumber yield was the second best we have ever had.

Adding to our many activities in agricultural research, we began a two-year project with the University of California Extension Service for the study of soil compaction, irrigation and phytopthora root rot. The results of the study to date are gratifying.

RESEARCH

The pilot plant in the new Research Center at Pittsburgh

has proved to be of great benefit. In it, the Engineering Research Department has been able to test and perfect new processes—for new varieties, or for old varieties improved by technological changes developed elsewhere in the Research Center. The pilot plant has permitted us to make rapid adjustments in processes and in the testing and adoption of recipe changes.

Research work on tomato varieties at our crop-research laboratories in Bowling Green, Ohio, is being continued. The pilot plant in the Research Center in Pittsburgh has materially aided in obtaining promptly facts about new tomato varieties developed in Bowling Green. The pilot plant operated on varieties and process changes during the 1958 season daily for seven weeks. Improvements in processes and tomato varieties are being influenced by this intensive work.

Our tomato research program is so large that we are utilizing commercial laboratories for parts of it. Such project work is under way with the Ohio Agricultural Experimental Station at Wooster, Ohio; with the Mellon Institute of Industrial Research in Pittsburgh; and with the Evans Research Laboratories, in New York.

LITIGATION

Four suits now pending in which the Company is involved represent potential liability not covered by insurance, or rights which may result in substantial income. These are not reflected in the balance sheet.

In 1954, one branch of the Federal government, the Department of Agriculture, operating through the Commodity Credit Corporation, made payments to us and others under the government's cheese subsidy program. Subsequently another branch of the Federal government, the Department of Justice, challenged such payments. In order to avoid interest charges, we have made a deposit with the government of the total amount claimed. But we and the other principal concerns involved are continuing our litigation to establish the validity of the payments originally made to us by the government.

Two former stockholders of a now defunct corporation brought a suit against the former president of that company, his lawyer, and H. J. Heinz Company, seeking an accounting for the amount which we had paid to the corporation for certain patents. It is our position that we have no liability.

A quantity of equipment which the Company purchased proved defective. We brought suit against the manufacturer, who has attempted to defend himself by filing a suit against the Company for cancellation of the contract. We expect a favorable decision resulting in a substantial payment to us.

In 1958, the Company filed suit against a major competitor for damages resulting from their alleged violation of the anti-trust laws. Subject to proof of their violation of the law and the damages sustained, which we expect to establish, our Company will be entitled to recover treble damages. In February of this year the defendant filed a counterclaim, to which we are confident there is a full and adequate defense.

NEW PRODUCTS

Heinz Apple Sauce, for adult use—we have been marketing apple sauce for babies for many years—was introduced in a limited number of Eastern markets last fall. This high-quality apple sauce—competitively priced and packed in a smartly styled glass jar—has been well received.

Concentrated Tomato Juice designed for home use and requiring no refrigeration was produced and marketed nation-wide during the year—another Heinz "first." Its small size (6¼ ounce tins) lends itself to convenient handling and storage. When three parts of cold water are added to the concentrated juice, a pint and a half of high quality, full-bodied, low-acid-content California tomato juice is obtained. It may also be used full strength where a recipe calls for tomato paste or tomato sauce. As more consumers become acquainted with this new economic and convenient product, its sales are expected to increase rapidly.

In addition to these new products, we introduced during the year nine new baby foods, three new pickle products, and special "single serve" packages of ketchup.

With the new Research Center now in full operation, we are experiencing some of the potentialities of this fine facility in the search for new products and in the improvement of existing processes and recipes.

Australia

Our Australian Company exceeded its previous record levels of sales and net income. This was achieved without requiring more inventory or fixed assets.

In Australia there has been a rapid growth in self-service stores, at the expense of service grocery stores, resulting in lower costs of distribution to the consumer and more intensive competition in the food industry. We have appropriately adjusted our selling operations and trading terms.

Sales of Baby Foods have increased rapidly. Eight new Baby Food varieties were added during 1959, and we have ten additional ones ready for production and marketing. We have maintained or slightly improved our share of the Soup, Bean and Spaghetti markets.

"Heinz-ade," our new soft-drink mix, became an accepted warm weather product throughout Australia.

Our marketing program includes advertising in national magazines, the regional press, and television and radio. Television has been increasingly employed in Melbourne and Sydney. This medium will be utilized in other cities as the television transmission system is extended during the coming year.

There is every reason to have confidence in the continued expansion of the Australian economy, and to have confidence that our company will maintain its rate of growth within the Australian economy.

Canada

Sales of our Canadian Company for the year reflected the continued confidence of Canadian consumers and distributors in the quality of Heinz products and in Heinz marketing services.

Sales and profits reached the highest level in the history of the Canadian Company.

During the year the Canadian Company developed facilities for the bulk storage of perishable ingredients-in-process in such a way as to reduce materially the peak inventory of some major seasonal products.

We have also completed our program for centralized billing and production of sales statistics at the Head Office in Leamington, Ontario. The program results in appreciable cost savings, in addition to providing convenience, speed and the physical advantages of mechanized accounting. Also, as a result of this change-over, we now obtain promptly more accurate and detailed statistical data and information for the guidance of management.

Twenty-nine new varieties and five new sizes were introduced by Heinz on the Canadian market. Heinz Hot Ketchup was readily received and is now an accepted Heinz variety. Of the new varieties introduced, twenty-one were Baby Foods. Heinz in Canada now has 157 varieties of Baby Food, including a line of eight Strained Fruit Juices.

Because market research and a study of the economic conditions indicated that aggressive merchandising and marketing policies would be necessary in fiscal year 1959, a number of new approaches were included by the Canadian company in its marketing strategy. As a result of this program, a greater share of the market was achieved in Ketchup, Tomato Juice, Baby Foods and Cooked Spaghetti. Continued study has produced long range marketing plans that will strengthen the position of Heinz in Canada.

Canadian economic trends continue to loom strong. A feeling of optimism exists in most phases of industry, and a moderate, though gradual, improvement appears likely for the year ahead.

Great Britain

For the fourteenth successive year since the end of the war in Europe the sales of our British Company again reached a record level. In all major markets the British Company was able to establish an improved position.

The British Company's profits tax liability in 1959 was substantially increased by a change in the tax laws. Some relief was obtained by a reduction of the standard rate of tax in the 1959 National Budget, but the over-all tax liability during the year increased, and net profit after tax on the year's operation showed a slight decrease.

With the additional facilities available in our new Kitt Green factory, where we are already manufacturing Baked Beans, Soups and Baby Foods, Heinz in Britain will have for the first time the flexibility in production we require for both our current varieties and any new varieties we may introduce. With a continuation of our current sales trend we are well situated to take advantage of favorable economic conditions in the year ahead.

The Netherlands

We have moved ahead with our program that began with the purchase of Taminiau's Conservenfabrieken N. V., Elst (Gelderland) Holland. While we have continued to produce the established line of Taminiau products—high-quality jams, canned fruits and fruit products—our efforts during the past year have been concentrated mainly on the installation of equipment for the production of Heinz Varieties, on the construction of new buildings, on the training of personnel, and on the integration of the company into the Heinz-International organization.

Last winter the name of the Dutch company was changed to H. J. Heinz Company (Holland) N.V. Subsequently our existing Heinz operations in Belgium were combined with those of Taminiau under the name of H. J. Heinz Company (Belgium) S.A./N.V.

This past spring, we began the production for the first time on the European Continent of a Heinz Variety—Heinz Sandwich Spread (which previously had been imported from England). This has had an immediate and gratifying acceptance.

During the coming year, we expect to accelerate the introduction of Heinz varieties, and we are looking forward to the time when our Dutch Company will be a producer of a complete line of the 57 Varieties and will be in an opportune position to capitalize on whatever advantages arise from the creation of the European Common Market.

Venezuela

Near the close of the fiscal year a new company, H. J. Heinz Company S.A., was started in Venezuela to handle our established business there. Extension of the new company's operations will take place in the current year.

PEAT, MARWICK, MITCHELL & CO.
CERTIFIED PUBLIC ACCOUNTANTS
HENRY W. OLIVER BUILDING
PITTSBURGH 22, PA.

ACCOUNTANTS' REPORT

To the Stockholders,
H. J. Heinz Company:

We have examined the consolidated balance sheet of H. J. Heinz Company and subsidiaries as of April 29, 1959 and the related statements of income and surplus for the fiscal year then ended. Our examination, which included the Company and its subsidiaries located in the Western Hemisphere but did not include the subsidiaries (which are of major importance) located in the Eastern Hemisphere, was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances. As regards the subsidiaries located in the Eastern Hemisphere, the accounts of which are incorporated in the accompanying consolidated financial statements, as indicated in Note 1, we have been furnished the reports of other independent accountants.

In our opinion, based on our examination and on the reports of other independent accountants, the accompanying consolidated balance sheet and statements of consolidated income and surplus present fairly the financial position of H. J. Heinz Company and subsidiaries at April 29, 1959 and the results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

June 12, 1959

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME

	Fiscal year ended	
	April 29, 1959	April 30, 1958
NET SALES	$316,856,669	$293,811,817
COST OF SALES	209,296,050	197,989,165
GROSS PROFIT	107,560,619	95,822,652
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (including management profit sharing plan, $1,858,396 in 1959; $1,544,314 in 1958)	83,632,375	75,757,981
OPERATING PROFIT (after provision for depreciation of $4,608,328 in 1959; $4,335,838 in 1958)	23,928,244	20,064,671
OTHER INCOME, NET	422,606	510,279
	24,350,850	20,574,950
OTHER DEDUCTIONS—interest and amortization of debt discount and expense	2,298,443	2,113,533
	22,052,407	18,461,417
PROVISION FOR TAXES ON INCOME:		
Federal normal and surtax	3,091,167	1,468,156
Foreign income taxes	7,048,804	6,877,600
	10,139,971	8,345,756
	11,912,436	10,115,661
DEDUCT Income applicable to minority interests	816,694	778,748
NET INCOME for the year	$ 11,095,742	$ 9,336,913

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

	April 29, 1959	April 30, 1958
CURRENT ASSETS:		
Cash	$ 5,981,294	$ 6,143,640
Accounts receivable:		
Trade, less allowance for doubtful accounts	16,601,806	15,382,182
Sundry	848,819	1,226,943
Inventories—at average cost or replacement market, whichever lower:		
Finished goods	64,780,313	57,839,109
Work in process	7,032,392	6,053,330
Ingredient and packaging materials	33,181,363	36,492,051
	104,994,068	100,384,490
Prepaid insurance, supplies, taxes and sundry	3,661,707	3,336,898
Total current assets	132,087,694	126,474,153
OTHER ASSETS:		
Investment in and advance to non-consolidated subsidiary—at cost (Note 1)	36,489	277,378
Miscellaneous	954,197	490,604
	990,686	767,982
FIXED ASSETS:		
Land—at cost	3,576,353	3,561,122
Buildings and leasehold improvements—at cost, less accumulated depreciation of $13,641,881 in 1959; $12,747,281 in 1958	51,028,756	48,218,413
Equipment and fixtures—at cost, less accumulated depreciation of $32,905,038 in 1959; $30,207,072 in 1958	48,980,215	41,368,744
Lug boxes, baskets and pallets—at cost, less amortization	1,044,168	1,074,234
	104,629,492	94,222,513
	$237,707,872	$221,464,648

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES, CAPITAL STOCK AND SURPLUS

	April 29, 1959	April 30, 1958
CURRENT LIABILITIES:		
Notes payable and loans on open credit (including portion of long-term debt due within one year)	$ 12,303,324	$ 18,141,726
Accounts payable and accrued expenses	24,316,177	27,315,253
Estimated liability for Federal and foreign taxes on income	9,746,892	7,328,050
Total current liabilities	46,366,393	52,785,029
LONG-TERM DEBT AND OTHER LIABILITIES:		
Long-term notes (Note 2)	35,987,102	20,766,633
Liabilities under management profit sharing plan, less portion payable within one year	7,731,920	6,725,070
Other non-current liabilities	6,074,781	7,210,682
	49,793,803	34,702,385
MINORITY INTERESTS	11,522,930	11,058,319
CAPITAL STOCK AND SURPLUS:		
Cumulative preferred stock—authorized 175,160 shares—par value $100 per share—issuable in series:		
3.65% series—authorized, issued and outstanding 75,160 shares (Note 3)	7,516,000	7,516,000
Common stock—authorized 2,000,000 shares—par value $25 per share—issued and outstanding 1,688,897 shares	42,222,425	42,222,425
Capital surplus	6,420,962	6,420,962
Earned surplus:		
Reserved for future inventory price decline, possible loss in foreign assets and other contingencies	5,000,000	5,000,000
Unappropriated (Notes 1 and 2)	68,865,359	61,759,528
	130,024,746	122,918,915
	$237,707,872	$221,464,648

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED SURPLUS

	Fiscal year ended	
CAPITAL SURPLUS	April 29, 1959	April 30, 1958
AMOUNT AT BEGINNING OF YEAR	$ 6,420,962	$ 6,356,429
EXCESS OF PAR VALUE over cost of preferred stock retired	—	64,533
AMOUNT AT END OF YEAR	6,420,962	6,420,962
UNAPPROPRIATED EARNED SURPLUS		
AMOUNT AT BEGINNING OF YEAR	61,759,528	56,420,601
ADD NET INCOME FOR THE YEAR	11,095,742	9,336,913
	72,855,270	65,757,514
DEDUCT DIVIDENDS PAID:		
On preferred stock—3.65% series	274,338	282,413
On common stock—$2.20 per share	3,715,573	3,715,573
	3,989,911	3,997,986
AMOUNT AT END OF YEAR	$ 68,865,359	$ 61,759,528

(See accompanying notes to financial statements.)

H. J. HEINZ COMPANY

AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

(1) *Principles of consolidation:*

The consolidated financial statements include the Company and all material operating subsidiary companies. Consolidated net assets were located as follows:

	April 29, 1959	April 30, 1958
Western Hemisphere:		
United States	$ 71,763,364	$ 73,495,240
All other	16,393,612	14,877,158
	$ 88,156,976	$ 88,372,398
Eastern Hemisphere:		
British Commonwealth	$ 41,086,851	$ 34,546,517
All other	780,919	—
	41,867,770	34,546,517
	$130,024,746	$122,918,915

All assets, except fixed assets, and all liabilities, except long-term debt, of the foreign subsidiaries have been converted at rates of exchange prevailing at the end of the fiscal year; fixed assets and long-term debt have been stated at their approximate United States dollar equivalent at the time of acquisition. The realization in U. S. dollars of assets located in the Eastern Hemisphere is limited by currency and other restrictions of those countries.

Of the net income for the year, $8,669,749 originated from foreign subsidiaries consolidated.

Operating accounts (other than depreciation which was based upon the approximate equivalent dollar cost of fixed assets) were converted at average rates of exchange prevailing during the fiscal year. The income of the Company from dividends from foreign subsidiaries during the year amounted to $2,312,188.

(2) *Long-term notes:*

Details of long-term notes at April 29, 1959, are as follows:

	Interest per cent	Maturity (fiscal year)	Portion Due Non-current	Portion Due Current
Company:				
Promissory notes	2.90	1960-69	$10,680,000	$ 900,000
Serial notes	3½	1960-62	400,000	250,000
Promissory notes	4⅜	1965-84	10,000,000	—
Subsidiaries:				
Promissory notes (Australia)	4¼	1960-76	8,372,454	164,107
Debentures (British Isles)	6	1965-84	5,640,000	—
Installment note (Holland)	2	1960-68	894,648	122,720
			$35,987,102	$ 1,436,827

Under note agreements, dated April 1, 1959, providing for the issue of $20,000,000 of 4⅞% 25-year notes due April 1, 1984, the Company issued $10,000,000 of such notes on April 6, 1959 and, as provided in these agreements, will issue an additional $10,000,000 of such notes on October 5, 1959. Fixed annual prepayments of principal of $1,000,000 are required to be made commencing April 1, 1965. Additional prepayments may be made at the option of the Company at specified premium rates or, under specified conditions, at no premium. In addition to restrictions relating to additional indebtedness, mortgages and liens, purchase and redemption of capital stock and other restrictions, the note agreements contain provisions against the payment of dividends by the Company upon its common stock (otherwise than in its own capital stock) if such dividends, together with purchases, payments to the sinking fund and dividends in respect of presently authorized cumulative preferred stock and amounts expended by the Company or any subsidiary for purchase or other acquisition of any class of the Company's stock, since October 29, 1958 would exceed consolidated net income after October 29, 1958 plus the sum of $7,500,000 and, further, if the sum of consolidated funded debt and consolidated discounted lease rentals would exceed fifty per cent of consolidated capital and surplus after giving effect to such dividend payments. The portion of consolidated earned surplus at April 29, 1959 which was not thereby restricted was $11,153,083.

The 2.90% notes, dated February 24, 1949, also contain various restrictions which are more than covered by the provisions of the 4⅞% 25-year notes.

The 6% debentures, issued by the subsidiary located in the British Isles, contain provisions requiring annual sinking fund payments, commencing January 31, 1965, approximating $76,700 plus interest for one year. Prepayment of the entire indebtedness, or a portion thereof, may be made on January 31, 1975 with a 3½% premium and at decreasing premium rates thereafter.

(3) *Cumulative preferred stock:*

The 3.65% series cumulative preferred stock is, until October 1, 1960, callable at $104.75 per share or redeemable through the sinking fund at a maximum of $103.75 per share and at decreasing prices thereafter. A payment, not exceeding $200,000, is required to be made to the sinking fund on or before October 1 of each year.

(4) *Retirement systems:*

The amount charged to income by the Company and its consolidated subsidiaries for the year aggregated $1,918,411 with respect to past service and current service costs. Unfunded past service costs at April 29, 1959 amounted to $1,598,698.

(5) *Contingencies:*

Certain claims filed by the Company and certain claims filed against the Company have not been finally adjudicated. In the opinion of management, such claims when finally determined and other matters arising in the ordinary course of business will have no adverse effect on the consolidated financial statements.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

	FISCAL YEARS ENDED		
	April 29, 1959	April 30, 1958	May 1, 1957
Net sales	$316,856,669	$293,811,817	$278,852,384
Cost of sales	209,296,050	197,989,165	181,927,571
Gross profit	107,560,619	95,822,652	96,924,813
Selling, general and administrative expenses (including management profit sharing plan)	83,632,375	75,757,981	74,793,849
	23,928,244	20,064,671	22,130,964
Other income—including foreign exchange adjustments	422,606	510,279	829,071
	24,350,850	20,574,950	22,960,035
Other deductions—including interest expense	2,298,443	2,113,533	1,256,512
	22,052,407	18,461,417	21,703,523
Provision for taxes on income	10,139,971	8,345,756	10,356,591
	11,912,436	10,115,661	11,346,932
Deduct Income applicable to minority interests	816,694	778,748	720,680
Net income for the year	$ 11,095,742	$ 9,336,913	$ 10,626,252
Balance of net income per share of common stock—after preferred dividends	$6.41	$5.36	$6.12
Cash dividends per share of common stock	2.20	2.20	2.00

(A) Per share figures have been adjusted for 1951 and 1950 to give effect to the 20% stock distribution in October, 1951.

H. J. HEINZ COMPANY

AND SUBSIDIARIES

SUMMARY OF INCOME STATEMENTS

FISCAL YEARS ENDED						
May 2, 1956	April 27, 1955	April 28, 1954	April 29, 1953	April 30, 1952	May 2, 1951	May 3, 1950
$262,425,046	$234,179,207	$220,632,934	$219,573,998	$205,991,208	$189,098,235	$170,508,252
170,487,408	151,890,465	149,499,095	147,268,476	139,916,553	124,567,518	116,433,519
91,937,638	82,288,742	71,133,839	72,305,522	66,074,655	64,530,717	54,074,733
70,121,011	62,740,130	57,374,877	58,167,806	55,004,941	48,748,889	45,214,589
21,816,627	19,548,612	13,758,962	14,137,716	11,069,714	15,781,828	8,860,144
1,266,859	475,452	124,452	310,310	859,195	1,026,856	173,064
23,083,486	20,024,064	13,883,414	14,448,026	11,928,909	16,808,684	9,033,208
916,607	1,490,028	1,328,699	1,234,948	931,177	1,053,922	981,293
22,166,879	18,534,036	12,554,715	13,213,078	10,997,732	15,754,762	8,051,915
10,907,900	9,147,265	6,657,155	7,374,583	5,010,950	8,197,525	3,567,234
11,258,979	9,386,771	5,897,560	5,838,495	5,986,782	7,557,237	4,484,681
675,035	604,447	311,884	291,983	174,423	134,702	120,664
$ 10,583,944	$ 8,782,324	$ 5,585,676	$ 5,546,512	$ 5,812,359	$ 7,422,535	$ 4,364,017
$6.09	$5.02	$3.12	$3.09	$3.25	$4.19(A)	$2.38
1.80	1.80	1.80	1.80	1.80	1.50(A)	1.50

HEINZ LOCATIONS THROUGHOUT THE WORLD

UNITED STATES

EXECUTIVE OFFICES: *Pittsburgh, Pennsylvania*

SALES OFFICES

Albany, N.Y.
Atlanta, Ga.
Baltimore, Md.
Birmingham, Ala.
*Boston, Mass.
Buffalo, N.Y.
*Chicago, Ill.
Cincinnati, Ohio
Cleveland, Ohio
Columbus, Ohio
*Dallas, Texas
Denver, Colo.
Des Moines, Iowa
*Detroit, Mich.
Fort Wayne, Ind.
Grand Rapids, Mich.
Greensboro, N.C.
Hartford, Conn.
Houston, Texas
Huntington, W.Va.
Indianapolis, Ind.
*Jacksonville, Fla.
Johnstown, Pa.
Kansas City, Mo.
Knoxville, Tenn.
*Los Angeles, Calif.
Louisville, Ky.
Memphis, Tenn.
Miami, Fla.
Milwaukee, Wis.
Newark, N.J.
New Orleans, La.
*New York, N.Y.
*Oakland, Calif.
Oklahoma City, Okla.
Omaha, Neb.
*Philadelphia, Pa.
*Pittsburgh, Pa.
Portland, Me.
Portland, Ore.
Rock Island, Ill.
Salt Lake City, Utah
San Antonio, Texas
Scranton, Pa.
Seattle, Wash.
Spokane, Wash.
*St. Louis, Mo.
*St. Paul, Minn.
Syracuse, N.Y.
Youngstown, Ohio

**Regional Sales Headquarters*

FACTORIES

Bowling Green, Ohio
Chambersburg, Pa.
Fremont, Ohio
Holland, Mich.
Medina, N.Y.
Muscatine, Iowa
Pittsburgh, Pa.
Salem, N.J.
Tracy, Calif.
Watsonville, Calif.
Winchester, Va.

AGRICULTURAL DISTRICT HEADQUARTERS

Big Rapids, Mich.
Greeley, Colo.
Holland, Mich.
Isleton, Calif.
Plymouth, Ind.
Saginaw, Mich.

CANADA

H. J. HEINZ COMPANY OF CANADA, LTD.

HEAD OFFICE: *Leamington, Ontario*

SALES BRANCHES

Calgary, Alta.	*Montreal, Que.	Regina, Sask.	*Toronto, Ont.
Edmonton, Alta.	Ottawa, Ont.	St. John, N.B.	*Vancouver, B.C.
*Halifax, N.S.	Quebec, Que.	Sudbury, Ont.	Windsor, Ont.
Hamilton, Ont.			Winnipeg, Man.

**Regional Sales Headquarters*

FACTORY: Leamington, Ontario

AGRICULTURAL STATION: Teeswater, Ontario

GREAT BRITAIN

H. J. HEINZ COMPANY, LTD.

HEAD OFFICE: *London*

SALES BRANCHES

Belfast	Cardiff	*Edinburgh	Ipswich	*London	Nottingham	Rochester
Birmingham	Chester	Glasgow	Leeds	*Manchester	Plymouth	Sheffield
Bradford	Dundee	Hull	Liverpool	Newcastle	Preston	Southampton
Bristol						

**Regional Sales Headquarters*

FACTORIES: London; Standish; Kitt Green

AUSTRALIA

H. J. HEINZ COMPANY, PTY. LTD.

HEAD OFFICE: *Dandenong, Victoria*

SALES BRANCHES

Adelaide, South Australia — Brisbane, Queensland — Dandenong, Victoria — Perth, Western Australia — Sydney, New South Wales

FACTORY: Dandenong, Victoria

THE NETHERLANDS

H. J. HEINZ COMPANY (HOLLAND) N.V.

HEAD OFFICE AND FACTORY—*Elst (Gelderland)*

BELGIUM

H. J. HEINZ COMPANY (BELGIUM) S.A./N.V.

Brussels, Belgium

VENEZUELA

H. J. HEINZ COMPANY S.A.

Caracas, Venezuela

THE HEINZ "57 VARIETIES"

1. Pork & Beans in Tomato Sauce
2. Boston Style Beans with Pork and Molasses Sauce
3. Vegetarian Beans in Tomato Sauce
4. Campside Beans
5. Chili Con Carne with Beans
6. Condensed Split Pea Soup
7. Condensed Cream of Pea Soup
8. Condensed Cream of Mushroom Soup
9. Condensed Tomato Soup
10. Condensed Cream of Celery Soup
11. Condensed Beef Noodle Soup
12. Condensed Bean Soup
13. Condensed Gumbo Creole Soup
14. Condensed Chicken Gumbo Soup
15. Condensed Chicken Soup with Rice
16. Condensed Chicken Noodle Soup
17. Condensed Chicken Vegetable Soup
18. Condensed Cream of Chicken Soup
19. Condensed Chili Soup
20. Condensed Minestrone Soup
21. Condensed Beef Soup
22. Condensed Vegetable Beef Soup
23. Condensed Vegetable Soup
24. Condensed Vegetarian Vegetable Soup
25. Condensed Turkey Noodle Soup
26. Minute Meals—Beef Goulash, Chicken Noodle Dinner, Chop Suey, Macaroni Creole, Spanish Rice, Beef Stew, Chicken Stew with Dumplings, Beans and Franks
27. Spaghetti—Tomato Sauce and Cheese
28. Macaroni with Cheese Sauce
29. Ready-to-Serve Soups
30. Pickles—Sweet and Sour
31. Genuine Dill Pickles
32. Processed Dill Pickles
33. Kosher Dill Pickles
34. Fresh Cucumber Pickles
35. India Relish
36. Hot Dog Relish
37. Hamburger Relish
38. Pickled Onions—Sweet and Sour
39. Pre-Cooked Cereals for Babies
40. Teething Biscuits
41. Strained Fruit Juices
42. Strained Egg Yolks
43. Strained Baby Foods
44. Strained 100% Meats
45. Strained High Meat Dinners
46. Junior Baby Foods
47. Junior 100% Meats
48. Junior High Meat Dinners
49. Prepared Yellow Mustard
50. Prepared Brown Mustard
51. Tomato Juice—Regular and Concentrated
52. Tomato Ketchup
53. Hot Ketchup
54. Chili Sauce
55. Sauces—Savory, Worcestershire, 57, Barbecue, Mustard
56. Dehydrated Horse Radish
57. Vinegars—Cider, White, Malt, Tarragon, Salad

LITHO IN U.S.A.

H.J.HEINZ COMPANY

MAKERS AND MARKETERS OF THE 57 VARIETIES